Interview with Leo Van Der Geer, President & CEO, Solvay Italy

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Tags: Solvay Italy

You have led a successful career within the Solvay Group in various European countries. Looking back at all these international assignments, including you current function of regional Director South Europe, what did you learn from these experiences that you managed to apply to the Italian market?

My career has always been mostly focused on southern European countries such as Greece, France and Italy, in which I found similar behaviours- all of them very different from my native Dutch culture.The first thing to learn in a country like Italy is not to be too direct when discussing with partners, and really take the time to think before making comments and drawing conclusions.The other specificity of the local business stile is that in Italy, nothing is as final as it seems. If legislation is implemented one day in a northern European country, it will probably still be in place the day after- whereas southern European countries frequently see legal conditions changing from one day to another, which means that each organization has to take decisions in order to remain very flexible and able to react to unforeseen changes.

Which would you highlight as the main specificities of the Italian context?

The most negative element is the legislation’s instability which makes it hard to make realistic anticipations. In addition, the low price level impacts the profitability of our Italian operations, and makes the management and strategic decision taking more difficult than it should be.But the country also offers some specific positive aspects, especially when it comes to the Italian mentality. Even in cases when it seems impossible to find solutions, Italians are flexible enough to find the

way out of difficult situations. This is not only the case in the management of most companies, but also at the Ministerial level: unlike what I experienced in other international assignments, when Italian institutions are really aware of a problem we are discussing with them like for instance the supply issue for influenza vaccine in periods of pandemia- they develop a constructive thinking of the ways to solve it and the exchange of information always leads to positive results.

The outlook for the 2008 results of Solvay Group worldwide stated that whereas the operating results of the whole group for the year 2008 will not reach the record results of the year 2007, the operating result of the Pharmaceuticals sector should exceed the record level of 2007. As the pharmaceutical activities are clearly a main driver of growth for Solvay group, what is the importance of Solvay Pharma Italy in terms of revenues and growth for Solvay Pharma?s global performance, considering Italy is the 5th pharmaceutical market in the world and 4th in Europe?

The pharmaceutical sector should grow within Solvay?s global portfolio and a global working team defined a growth strategy until 2015. But considering the market circumstances in the country and a number of external and internal factors, the contribution of Solvay Pharma Italy in this regard should not be very significant.Looking at the internal factors, many products of the current portfolio reached their mature phase and therefore are vulnerable to erosion by generic equivalents. Further growth could be fuelled by some recently introduced products- for instance, an orphan drug able to change radically the lives of patients suffering from late stage Parkinson disease. But the growth opportunities offered by this new product will be limited by external factors related to the lack of appropriate financing by regional and local authorities. The cost can seem expensive -35 000 Euro per year for each patient- but untreated patients need to be completely nursed for all their daily activities, which involves even higher costs than the treatment itself. It is not easy to explain this to Authorities who are mostly looking at the Health budget, instead of considering the total cost of a patient for the whole community.

In such a context, to which extent is Italy a priority for the group?

Solvay group?s priority is to grow in emerging markets such as Mexico, Brazil, India, Russia. But Europe shall not be left aside- even with 3 or 5 % average growth per year, European markets can keep contributing to the company?s global performance. For this reason, Solvay Pharma Italy will have to maintain its growth level, even in times when not so many new products are fuelling the pipeline.

When you took the leadership of Solvay Pharma Italy in 1999, the company was relatively young with a 0,4 % market share. You then led the organisation through a period of growth, doubling its market share in a very challenging context for the pharmaceutical industry. Which main strategic growth drivers enabled to achieve such a performance?

More than from the characteristics of the products of its product portfolio itself, Solvay Pharma Italy’s growth has been mostly fuelled by its strong focus on the quality of service, information and knowledge. An important part of the budget is dedicated to ensuring compliance with ISO 9000 certifications, continuously training the personnel, and improving the quality of our message to the doctors.
The organization has been set up taking into account the client?s needs, which influenced its promotional strategy long before other companies started to re-think their model. Thanks to our team of highly specialized key account manager and key account representatives, Solvay’s products are also supported in a very different way than through promotion by sales representatives.For some specific products like Duodopa, specialized nurses are available 24 hours a day, free of charge, to support patients during the first weeks of treatment. Our product portfolio itself would not have resulted in such growth.

Taking into account Solvay Pharma’s mature portfolio, where do you want to take the company in the coming years and on which key business areas and growth drivers are you betting?

The company needs to develop the sales and growth of some key products such as Duodopa, Fulcrosupra, Influvac and new products coming from in-house research. Another traditional way to boost sales will be to maintain the traditional focus in increasing in and out-licensing activities. External growth has always contributed Solvay’s pipeline development, with strong partnerships with other companies for the launch of products such as Almotrex a few years ago. In times when big, medium and small multinationals are increasingly eyeing at in-licensing agreements, what makes Solvay Pharma a partner of choice?

Solvay Pharma Italy has strong partners in the fields of gynaecology, gastro and cardio areas. Strictly considering the number of visits to GPs and pharmacists, other companies might be performing better, especially in the cardio field- but the strengths of our partnerships relies on our products quality, and the fact that the group’s European subsidiaries are very well established. The in-licensing strategy has been evolving throughout the years. In the past, many subsidiaries used to develop local in-licensing activities, which resulted in a dispersed product portfolio for the group. Nowadays, Solvay Pharma is increasingly seeking to develop agreement on a regional basis, and even worldwide when possible, so that central support can be given to all products. In Italy, Solvay established main local contracts for Clavulin, Almotrex and Glycorest- whereas for drugs such as Androgel international agreement which also applies to several other countries including the US.

On the organic growth side, as Solvay has a strong reputation of being a research-driven group, to which extent are the Italian R&D activities going to play a strategic role in the pipeline?s development?

Solvay Pharma wants to maintain its focus on R&D and its identity as a research-based company. In Italy, phase IV clinical studies are not only supervised by a medical director, but also a clinical trial coordinator and a clinical research associate who are constantly looking for studies to be carried out. Since 2005, Solvay Pharma Italy obtained also the ISO certification for performing clinical studies in order to ensure that they are performed in the most accurate way.In addition, our R&D partnership with Quintiles allows being extremely aware about the state of the phase III studies the Solvay group conducts in the country. However, Italy is not yet the most strategic place to conduct clinical research. Despite the size of the market, the Solvay group does not consider it as a core country in the clinical field, for many reasons. First of all, the low price level that makes it unattractive to launch their new products in Italy. And the excessive bureaucracy comes as the second obstacle – not only is the national legislation complex and unstable, but some ethical committees are slowing down the process by taking up sometimes to one year and a half to deliver the appropriate authorizations.

In your opinion, what could be done to further enhance innovation in the country?

Of course, the Government is trying to promote innovation to encourage pharmaceutical companies to conduct their clinical studies in the country, and the environment is more favourable than it was a year ago. But Italy is also in competition with other countries that are taking similar measures (such as tax credits for research, specific incentives), and there is still a lot of room for improvement. As for the price level, Italy should not always take the easiest way. Instead of focusing on pharmaceutical costs, and choosing a fixed price ceiling which immediately reduces the companies profitability and therefore strongly affects FDI, authorities should have a longer-term vision and concentrate on boosting the doctors? correct prescription behaviour.
In addition, legislation should ensure that the conditions in which companies operate remain in place for a longer period.
And finally, ethical committees should react in appropriate time.

Solvay Pharma relies on its strong marketing and sales workforce. But we see a new management model emerging in Italy and worldwide, with the idea that primary care has reached its end and companies are downsizing their sales force on the field. In this context how is Solvay Pharma reshuffling the workforce's organization?

The number of representatives of the pharmaceutical industry in Italy is currently decreasing, but it is still significantly higher than it was 10 years ago. The pharmaceutical industry was probably overdoing it in the past years, focusing more on the frequency than on quality of the visits- which is not acceptable anymore. The mentalities are now changing, as the strict management of the Health

budget in most countries does not allow the pharmaceutical industry to invest much more in promotional actions than in R&D. As a result, most companies increase their focus on quality, taking more time with each client- which implies a reduction of the field force but also an increase of the quality of the sales representative.
In Italy, Solvay Pharma assesses each year the best number of representatives needed to answer exactly the client?s needs, and constantly improve the quality of the promotion.

What is your strategy to attract and retain the best people?

The inflexibility of the Italian labour market, makes it very difficult for both companies and employees- and as a company, Solvay Pharma has to be extremely prudent when it comes to recruiting new talents. But the whole management team works very hard in creating an enjoyable work atmosphere, which resulted in its nomination by the employees as the 26th Best Place To Work in 2008 and as the 33th Best Place in 2009. We are proud being nominated two years in a row out of hundreds of companies Personally, I try to contribute to that atmosphere by using my international experiences, which I automatically apply in my daily behaviour.

You started your career at Solvay from entry-level, and then went through a number of successful steps worldwide before reaching your current top-management position. Do you think such a ?dream come true? career is still possible today?

Everyone can have such a type of career; it is all about outperforming the others and show inner potential. Solvay offers many growth opportunities, which is in line with the group’s philosophy.

What keeps you running everyday in the pharmaceutical industry and what is the best lesson you learnt from your career?

The thing I appreciate the most in my current position at Solvay is the pleasure of doing my daily work, seeing the results, being able to overcome the problems, come out of difficult situations and motivate others.

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